GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1642
ANSWERED ON:28.11.2002
PERFORMANCE OF PSUS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether all the PSUs under his Ministry have shown dismal performance from the year 1997-98 onwards so far;

(b) if so, the main reasons therefore;

(c) whether high interest rates, depreciation cost, increasing administrative expenditure are responsible for this shortfall;

(d) if so, the details thereof and if not, the reasons therefore;

(e) the other areas identified for continuous shortfall in Public Sector Undertakings; and

(f) the steps taken or being taken by the Government to instruct PSUs under his Ministry to cut administrative expenditure and improve their performance?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MINIS PARLIAMENTARY AFFAIRS (SHRI SANTOSH KUMAR GANGWAR)

(a) : No, Sir. There are 14 Public Sector Undertakings (PSUs) under the administrative control of the Ministry of Petroleum & Natural Gas. Out of these, five enjoy the status of `Navratna` companies and seven are Miniratna companies and are earning profit.However, while Biecco Lawrie Limited incurred losses in 1997-98, 2000-01 and 2001-02, Bongaigaon Refinery & Petrochemicals Limited (BRPL) has suffered losses in the years 2000-01 and 2001-02.In the current financial year (2002-03), BRPL too has so far earned profit of Rs. 63 crore (unaudited).

(b) : The main reasons attributing to the losses are as follows: -

For Biecco Lawrie Limited -

(i) loss in Superior Kerosene Oil (SKO) marketing operation

(ii) continuous shortage of working capital

For BRPL -

(i) volatility of global crude and product prices

(ii) freight under recovery of decontrolled Petrol Oil & Lubricants (POL) products

(iii) stagnancy of POL product demand in North Eastern Region

(iv) high cost of import of crude oil

(v) increase in prices of raw material (Naphtha) and low sulphur/high sulphur (LSHS) fuel on dismantling Administered Pricing Mechanism.

(vi) Stagnant product price

(c) & (d) : While administrative expenditure was effectively reduced, high debt burden and increase in interest affected the profitability.

(e): Nil

(f): The performance of oil PSUs is reviewed periodically in the Ministry.